

REPORT OF THE REPORTS ANALYSIS AND AUDIT DIVISION

ON

THE D.C. BASEBALL PAC POLITICAL ACTION COMMITTEE

EXECUTIVE SUMMARY

The D.C. Baseball Political Action Committee (PAC) registered with the Office of Campaign Finance on November 22, 2004.

The audit was conducted pursuant to D.C. Official Code Section 1-1103.03(8) (2001 Edition) (the Act).

The findings of the audit were presented to the Political Action Committee in the Preliminary Audit Report and the Interim Audit Report, issued on June 12, 2006 and September 18, 2006, respectively. The responses of the Political Action Committee to the audit findings in the Preliminary and Interim Audit Reports are contained in the Final Audit Report.

The following is an overview of the findings contained in the Final Audit Report.

RECEIPTS NOT REPORTED

D.C. Official Code Sections 1-1102.06(b) (2) and (8). Our audit revealed that the Committee failed to report approximately forty-four (44) contributions totaling \$7,000.00, and to disclose these contributions in the total sum of all receipts received by the Committee. In addition, there was an unreconcilable difference of \$46,125.20 in the reported receipts versus the audited receipts. The Audit staff was provided with a limited amount of Committee records regarding its receipts. The Audit staff recommended that the Committee file an amended consolidated report which included each receipt previously unreported. In addition, the Audit staff recommended the Committee provide additional information to substantiate the unreconcilable/unreported receipts. The Committee did not file an amended consolidated report, nor did it provide the additional information as requested by the Audit staff. As a result, the Audit staff will refer each violation of D.C. Official Code Sections 1-1102.06(b) (2) and (8) to the OCF General Counsel for whatever action deemed appropriate.

UNDERSTATED RECEIPTS

D.C. Official Code Sections 1-1102.06(b) (2) and (8). Our audit revealed that the Committee reported seven (7) understated contributions totaling \$1,900.00. These contributions were reported for amounts less than the actual amounts as presented on the copies of the contributor checks. The Audit staff recommended that the Committee file an amended consolidated report correcting each understatement. The Committee did not

file an amended consolidated report as requested by the Audit staff. As a result, the Audit staff will refer each violation of D.C. Official Code Sections 1-1102.06(b) (2) and (8) to the OCF General Counsel for whatever action deemed appropriate.

BANK CREDITS NOT REPORTED

D.C. Official Code Sections 1-1102.06(b) (2) and (8). Our audit revealed five (5) bank credits totaling \$1,797.04 that were not reported by the Committee on its Reports of Receipts and Expenditures. These bank credits resulted from debit card transactions made by the Committee. The Audit staff recommended that the Committee file an amended consolidated report inclusive of the bank credits (receipts) previously unreported. The Committee did not file an amended consolidated report as requested by the Audit staff. As a result, the Audit staff will refer each violation of D.C. Official Code Sections 1-1102.06(b) (2) and (8) to the OCF General Counsel for whatever action deemed appropriate.

EXPENDITURES NOT PROPERLY REPORTED

D.C. Official Code Sections 1-1102.06(b) (9) and (10). Our audit revealed that the Committee failed to report thirteen (13) expenditures totaling \$30,829.10 on its Reports of Receipts and Expenditures. In addition, the Committee did not report bank charges totaling \$64.62. The Audit staff recommended that the Committee file an amended consolidated report inclusive of all expenditures previously unreported. The Committee did not file an amended consolidated report as requested by the Audit staff. As a result, the Audit staff will refer each violation of D.C. Official Code Sections 1-1102.06(b) (9) and (10) to the OCF General Counsel for whatever action deemed appropriate.

QUESTIONABLE EXPENDITURES

D.C. Official Code Sections 1-1102.06(b) (9) and (10). Of the aforementioned unreported expenditures noted above, two (2) expenditures were made to Summit Grand Parc on March 8, 2005 and April 7, 2005, in the amounts of \$2,700.00 and \$2,925.00, respectively. The “purpose” noted on each canceled check was for “Neil Alpert #1106”, for rent and parking. In addition, there was a \$5,700.00 expenditure made to “Tom Smith” on May 3, 2005, and a \$7,200.00 expenditure made to “Jeff Parsons” on March 7, 2005. The Committee failed to provide documentation as to the purpose of each of these expenditures. Further, the Committee failed to provide a copy of the check documenting the expenditure of \$890.00 on April 21, 2005. Therefore, the Audit staff was unable to determine the payee or the purpose of this disbursement. In addition, the Audit staff noted that there was an unreconcilable difference in reported expenditures verses audit expenditures (per bank statements) in the amount of \$3,500.89. The Audit staff recommended that the Committee provide the proper documentation to substantiate these disbursements and file an amended consolidated report inclusive of the unreconcilable difference in the reported expenditures in the amount of \$3,500.89. The Committee did not provide the proper documentation to substantiate these disbursements, nor did it file an amended consolidated report as requested by the Audit staff. As a result, the Audit staff will refer each violation of D.C. Official Code Sections 1-1102.06(b) (9) and (10) to the OCF General Counsel for whatever action deemed appropriate.

ATM WITHDRAWALS

D.C. Official Code Sections 1-1102.06(b) (9) and (10). Committee bank statements reflect that the Committee made ATM withdrawals totaling \$1,891.87. None of these withdrawals were reported on the Committee's Reports of Receipts and Expenditures. In addition, there was no documentation provided by the Committee explaining the purpose of these expenditures. The Audit staff recommended that the Committee provide written evidence and/or documentation to show that these expenditures advanced the interest of the D.C. Baseball PAC. The Committee did not provide the written evidence and/or documentation as requested by the Audit staff. As a result, the Audit staff will refer each violation of D.C. Official Code Sections 1-1102.06(b) (9) and (10) to the OCF General Counsel for whatever action deemed appropriate.

CASH WITHDRAWALS

D.C. Official Code Sections 1-1102.06(b) (9) and (10). Committee bank statements reflected that the Committee made four (4) cash withdrawals totaling \$19,500.00. These cash withdrawals were not reported on the Committee's Reports of Receipts and Expenditures. Committee bank records indicate that each cash withdrawal was paid to Neil Alpert, Chairperson. The Committee did not provide documentation explaining the purpose of each withdrawal. The Audit staff recommended that the Committee provide written evidence and/or documentation to show that these expenditures advanced the interest of the D.C. Baseball PAC. The Committee did not provide the written evidence and/or documentation as requested by the Audit staff. As a result, the Audit staff will refer each violation of D.C. Official Code Sections 1-1102.06(b) (9) and (10) to the OCF General Counsel for whatever action deemed appropriate.

DEBIT CARD TRANSACTIONS

D.C. Official Code Sections 1-1102.06(b) (9) and (10). Committee bank statements show that the Committee made several debit card transactions totaling \$10,653.53. These transactions were for several types of payments including meals and entertainment, gasoline purchases, and other day-to-day expenditures. The Audit staff recommended that the Committee provide written evidence and/or documentation to show that these expenditures advanced the interest of the D.C. Baseball PAC. The Committee did not provide the written evidence and/or documentation as requested by the Audit staff. As a result, the Audit staff will refer each violation of D.C. Official Code Sections 1-1102.06(b) (9) and (10) to the OCF General Counsel for whatever action deemed appropriate.

EXPENDITURES NOT NEGOTIATED THROUGH THE COMMITTEE BANK ACCOUNT

D.C. Official Code Sections 1-1102.06(b) (9) and (10). Our audit revealed that the Committee disclosed twenty-one (21) expenditures on its Reports of Receipts and Expenditures, which were not negotiated through the Committee's bank account. The Audit staff recommended that the Committee file an amended consolidated report deleting these expenditures that were previously reported. In the alternative, it was recommended that the Committee provide evidence to support that these payments actually occurred. The Committee did not file an amended consolidated report, nor did it

provide the evidence to support that these payments actually occurred. As a result, the Audit staff will refer each violation of D.C. Official Code Sections 1-1102.06(b) (9) and (10) to the OCF General Counsel for whatever action deemed appropriate.

RECORDKEEPING ERRORS

D.C. Official Code Section 1-1102.01(d), 3 DCMR Sections 3400.1, 3400.2, 3400.3, and 3400.5 (1998, as amended). Our audit revealed that the Committee did not provide the Audit staff with all Committee bank statements, copies of all contributor contribution checks, deposit slips for all contributions and/or receipts received, fundraising activity documentation, invoices and/or vouchers, and other required documentation to support its sources and uses of funds. In addition, the Committee did not provide any documentation to support its first filing of January 31, 2005. The Audit staff recommended that the Committee provide evidence (documentation) to substantiate the transactions underlying all receipts and expenditures not previously provided. However, the Committee did not provide the evidence to substantiate all receipts and expenditures. As a result, the Audit staff will refer each violation of D.C. Official Code Section 1-1102.01(d); and 3 DCMR Section 3400.1, 3 DCMR Section 3400.2, 3 DCMR Section 3400.3, and 3 DCMR Section 3400.5 to the OCF General Counsel for whatever action deemed appropriate.

MISSTATEMENT OF FINANCIAL ACTIVITY

D.C. Official Code Sections 1-1102.06 (b) (8) and (10). The Audit staff compared the Committee's reported figures with its bank records and found that the Committee had misstated its receipts, disbursements, and its cash on hand balance, as of July 31, 2005.

The following chart details the discrepancies between the Committee's disclosure reports and bank records. The chart lists: (a) the amounts the Committee reported, (b) the actual amounts listed on its bank statements, and (c) the discrepancies between the two figures.

Comparison of Disclosure Reports and Bank Records

	Reported	Bank Statement	Discrepancy
Beginning Balance	\$0.00	\$0.00	1 st bank statement was not provided.
Receipts	\$75,970.00	\$132,792.24	\$56,822.24 understated
Disbursements	\$69,785.68	\$100,894.40	\$ 31,108.72 understated
Ending Cash Balance	\$6,184.11	\$31,897.84	\$ 25,713.52 understated \$0.21 difference

The understatement of receipts and overstatement of expenditures resulted from the Committee's combination of the aforementioned discrepancies previously noted. In addition to these discrepancies, there were minor errors in reporting receipts and disbursements, and minor unresolved differences in the ending cash balance. The Audit staff recommended that the Committee file an amended consolidated report correcting the misstatement of its financial activity. The Committee did not file an amended consolidated report to correct its misstatement of financial activity as requested by the Audit staff. As a result, the Audit staff will refer each violation of D.C. Official Code Sections 1-1102.06(b) (8) and (10) to the OCF General Counsel for whatever action deemed appropriate.



Office of Campaign Finance

**FINAL AUDIT REPORT ON
THE D.C. BASEBALL
POLITICAL ACTION COMMITTEE**

MARCH 2007

**REPORTS ANALYSIS AND AUDIT DIVISION
OFFICE OF CAMPAIGN FINANCE
WASHINGTON, DC 20009**

I. BACKGROUND

A. OVERVIEW

This report is based upon the field audit of the Statements and Reports of Receipts and Expenditures filed by the D.C. Baseball Political Action Committee (the "Committee") undertaken by the Reports Analysis and Audit Division (RAAD), Office of Campaign Finance (OCF), to determine if the Committee complied with the provisions of the District of Columbia Campaign Finance Reform and Conflict of Interest Act of 1974, as amended, D.C. Official Code Section 1-1103.03(8) (2001 Edition) (the "Act"). This audit was conducted as the result of a complaint filed on September 8, 2005, with the Office of Campaign Finance.

The audit did not commence until January 2006, due to the delay in obtaining the requisite records to conduct the audit from the Committee officers. Once the records were obtained, the Audit staff determined that the records were incomplete. Therefore, a request was made (via subpoena) to the Committee depository by the Office of Campaign Finance to obtain the required documentation. On April 21, 2006, the Audit staff received bank records for the Committee from the Committee's depository, Citibank, F.S.B.; however, all the requested records were not received. Records were not forwarded for the months of December 2004 through January 2005; but, the Audit staff received a bank statement for the month of January 2005. However, the bank statement only reflected one transaction for the month, one (1) withdrawal of \$500.00. No other activity was disclosed on the bank statement.

Based on the Committee bank statements and Reports of Receipts and Expenditures submitted, the Audit staff concludes that the Committee has not disclosed all receipts received and expenditures made.

The Preliminary Audit Report was issued on June 12, 2006. The Committee's Response to the Preliminary Audit Report was received on July 14, 2006.

The Interim Audit Report was issued on September 18, 2006. On September 25, 2006, the Committee submitted a letter from Arent Fox, Attorneys At Law, of Washington, D.C., stating that the Committee would reply to the Interim Audit Report no later than October 6, 2006. On October 10, 2006, the Committee requested, and was approved, an extension to reply to the Interim Audit Report on October 20, 2006.

On October 20, 2006, the Committee provided a Response to the Interim Audit Report. The responses are noted below.

On October 31, 2006, the Audit staff issued a letter to the Committee requesting additional information and documentation by November 14, 2006. Since that date, the Committee contends that there are still several outstanding issues which need to be addressed with the OCF General Counsel.

1. Political Action Committee

The Baseball PAC registered with the OCF on November 22, 2004, in accordance with D.C. Official Code Section 1-1102.04.

The audit of the Baseball PAC covered the period December 11, 2004 through July 31, 2005. The Committee's Report of January 31, 2005, disclosed a beginning cash balance of \$0.00. During the period of the pre-audit (desk) review, the Reports filed by the Committee reflected total aggregated receipts of \$75,970.00 and total aggregated expenditures of \$69,785.00, and an ending cash balance of \$6,184.11. Receipts and expenditures per **audit** were \$132,792.24 and \$100,894.40, respectively, with an ending cash balance of \$31,897.84 (Attachment #1). For the first filing submitted by the Committee, January 31, 2005 (covering the period December 11, 2004 through January 31, 2005), the Committee did not provide the bank statements for that period, nor any records to substantiate the reported contributions received (\$4,650.00) and disbursements made (\$1,995.40). Because the Audit staff was not presented with the bank statement for this period, the actual audited figures reflect this misappropriation.

B. KEY PERSONNEL

The principal officers of the Baseball PAC were John Devine, Treasurer, and Neil Alpert, Chairperson, as cited in the Statement of Organization. Acceptance of Treasurer and Chairperson forms were filed on November 19, 2004. The Committee's depository was Citibank, F.S.B., Washington, D.C. 20036. The title of the Committee's bank account, DC Baseball PAC, was under the control account, Capital City Advisors. The Capital City Advisors account was held by the Chairperson, Neil Alpert, as presented in the Committee's bank statements. This control account reflected a different account number than the account number for the D.C. Baseball PAC. It appears that the account held by the Committee was a subdivision of the control account. The control account reflected a beginning cash balance of \$0.00 and an ending cash balance of \$0.00 for the audit period. It appears no transactions were made from the control account for the entire audit period. The Audit staff was only made aware of this account information through the review of the Committee bank records.

C. SCOPE

The audit procedures performed included a verification and/or examination of:

1. The mathematical accuracy of the Reports of Receipts and Expenditures filed with the OCF Director, during the period audited;
2. Total reported receipts and expenditures and individual transactions with source documents;
3. Conformity with the contribution limitation as mandated by D.C. Official Code Section 1-1131.01;

4. Committee debts and obligations;
5. Proper categorization of the Committee's receipts and expenditures; and
6. The review procedures as deemed necessary under the circumstances.

II. AUDITOR'S STATEMENT

After the review of the Committee's Response to the Interim Audit Report, the Audit staff has concluded that there are still outstanding issues that have not been clarified or resolved by the Committee. The outstanding issues are detailed below.

RECEIPTS

D.C. Official Code Sections 1-1102.06(b)(2) and (8) provide: "Each report under this section shall disclose: (2) The full name and mailing address (including the occupation and the principal place of business, if any) of each person who has made 1 or more contributions to or for such committee or candidate (including the purchase of tickets for events such as dinners, luncheons, rallies, and similar fundraising events) within the calendar year in an aggregate amount or value in excess of \$50 or more, together with the amount and date of such contributions [and]; (8) The total sum of all receipts by or for such committee or candidate during the reporting period [.]"

1) RECEIPTS NOT REPORTED

Our audit revealed that the Committee failed to report approximately forty-four (44) contributions totaling \$7,000.00, and to disclose these contributions in the total sum of all receipts received by the Committee. The Audit staff was made aware of these contributions through the review of the copies of contributor checks provided by the Committee and the Committee's bank.

In addition, there was an unreconcilable difference of \$46,125.20 in the reported receipts verses the audited receipts. The Audit staff was provided with a limited amount of Committee records regarding its receipts. Documents were not provided for the period December 2004 through January 2005; although, the Committee registered with the OCF in November 2004.

The first Report filed by the Committee covered the period December 11, 2004 through January 31, 2005. In the January 31, 2005 Report, the Committee reported receipts totaling \$4,650.00 and expenditures totaling \$1,995.40. The Committee failed to provide records to substantiate these receipts and expenditures, with the exception of the Committee bank statement for January 2005. Because the Committee did not provide records of all deposits made, the Audit staff was unable to match the breakdown of the contributors (receipts) to the deposits reported in the bank statement.

Further review of Committee records (Committee Financial Statements) by the Audit staff revealed that the Committee had other income of \$19,280.00 (\$13,610.00 plus \$5,670.00) and \$26,845.00, which it appears resulted from the sale of season tickets purchased by the Committee for the Washington Nationals 2005 season. Based on the Response from the Committee to the Preliminary Audit Report, these season tickets were purchased and then sold to SMANCA. It appears the receipt from the sale of the Washington Nationals Season Tickets was not reported by the Committee on its Reports of Receipts and Expenditures. Because the bank records reflect that these monies were actually deposited in the Committee's bank account, the Audit staff concludes that these receipts were not reported by the Committee on its Reports of Receipts and Expenditures. These two amounts (\$19,280 plus \$26,745.00) result in the unreconcilable difference of \$46,125.00, with \$100.00, still unaccounted for.

In the Preliminary Audit Report, the Audit staff recommended that the Committee file an amended consolidated report and include each receipt previously unreported. In addition, the Audit staff recommended that the Committee provide the additional receipt information not previously provided for the unreconcilable/unreported receipts that the Audit staff believes was for the sale of the Washington National Season Tickets, totaling \$46,125.00.

The Committee did not file an amended consolidated report as recommended by the Audit staff in the Preliminary Audit Report.

In the Interim Audit Report dated September 18, 2006, the Audit staff reiterated its recommendation that the Committee file an amended consolidated report inclusive of all receipts previously unreported. In addition, the Audit staff recommended that the Committee provide the additional documentation (vouchers/invoices/receipts for the sale of the Washington Nationals tickets), not previously provided, to substantiate the unreconcilable/unreported receipts in the amount of \$46,125.00. Further, the Audit staff recommended that the Committee provide evidence that the aforementioned receipts were disclosed on the Committee's Reports of Receipts and Expenditures.

In its Response to the Interim Audit Report dated October 20, 2006, the Committee stated that the Committee is still attempting to locate or recover documentation which would facilitate the production of such an amended report. Further, if the documentation could not be found for some of the receipts or expenditures, the Committee would report these as lump sums with an appropriate notation on the report.

On October 31, 2006, the Audit staff issued a Request for Additional Information (RAI) to the Committee requesting the Committee to provide the requested information by November 14, 2006.

On November 14, 2006, the Committee provided a letter stating that, despite its best efforts, the D.C. Baseball PAC has been unable to locate or recover additional documentation as requested by the Audit staff.

2) UNDERSTATED RECEIPTS

Our audit revealed that the Committee reported seven (7) understated contributions totaling \$1,900.00. These contributions were reported for amounts less than the actual amounts as presented on the copies of the contributor checks.

In the Preliminary Audit Report, the Audit staff recommended that the Committee file an amended consolidated report correcting each understatement.

In its Response to the Preliminary Audit Report received on July 14, 2006, the Committee did not address this issue, nor did the Committee file an amended consolidated report as recommended by the Audit staff in the Preliminary Audit Report.

In the Interim Audit Report dated September 18, 2006, the Audit staff reiterated its recommendation that the Committee file an amended consolidated report correcting the understatement in total receipts.

In its Response to the Interim Audit Report dated October 20, 2006, the Committee stated that the Committee is still attempting to locate or recover documentation which would facilitate the production of such an amended report. Further, if the documentation could not be found for some of the receipts or expenditures, the Committee would report these as lump sums with an appropriate notation on the report.

On October 31, 2006, the Audit staff issued a RFAI to the Committee requesting the Committee to provide the requested information by November 14, 2006.

On November 14, 2006, the Committee provided a letter stating that, despite its best efforts, the D.C. Baseball PAC has been unable to locate or recover additional documentation as requested by the Audit staff.

3) BANK CREDITS NOT REPORTED

Our audit revealed five (5) bank credits totaling \$1,797.04 that were not reported by the Committee on its Reports of Receipts and Expenditures. These bank credits resulted from debit card transactions made by the Committee.

In the Preliminary Audit Report, the Audit staff recommended that the Committee file an amended consolidated report inclusive of the bank credits (receipts) previously unreported.

In Response to the Preliminary Audit Report received on July 14, 2006, the Committee did not address this issue, nor did the Committee file an amended consolidated report as recommended by the Audit staff in the Preliminary Audit Report.

In the Interim Audit Report dated September 18, 2006, the Audit staff reiterated its recommendation that the Committee file an amended consolidated report inclusive of the bank credits previously unreported.

In its Response to the Interim Audit Report dated October 20, 2006, the Committee stated that the Committee is still attempting to locate or recover documentation which would facilitate the production of such an amended report. Further, if the documentation could not be found for some of the receipts or expenditures, the Committee would report these as lump sums with an appropriate notation on the report.

On October 31, 2006, the Audit staff issued a RFAI to the Committee requesting the Committee to provide the requested information by November 14, 2006.

On November 14, 2006, the Committee provided a letter stating that, despite its best efforts, the D.C. Baseball PAC has been unable to locate or recover additional documentation as requested by the Audit staff.

DISBURSEMENTS

D.C. Official Code Sections 1-1102.06(b)(9) and (10) provide: “Each report under this section shall disclose: (9) The full name and mailing address (including the occupation and principal place of business, if any) of each person to whom expenditures have been made by such committee or on behalf of such committee or candidate within the calendar year in an aggregate amount or value of \$10 or more, the amount, date, and purpose of each such expenditure and the name and address of, and office sought by, each candidate on whose behalf such expenditure was made; (10) The total sum of expenditures made by such committee or candidate during the calendar year [.]”

4.) EXPENDITURES NOT PROPERLY REPORTED

Our audit revealed that the Committee failed to report thirteen (13) expenditures totaling \$30,829.10 on its Reports of Receipts and Expenditures. The Audit staff determined that these expenditures were made through the review of Committee bank statements and canceled checks. In addition, the Committee did not report bank charges totaling \$64.62.

In the Preliminary Audit Report, the Audit staff recommended that the Committee file an amended consolidated report inclusive of all expenditures previously unreported.

In its Response to the Preliminary Audit Report received on July 14, 2006, the Committee did not address this issue regarding unreported expenditures, nor did the Committee file an amended consolidated report as recommended by the Audit staff in the Preliminary Audit Report.

In the Interim Audit Report dated September 18, 2006, the Audit staff reiterated its recommendation that the Committee file an amended consolidated report inclusive of all expenditures not previously reported.

In its Response to the Interim Audit Report dated October 20, 2006, the Committee stated that the Committee is still attempting to locate or recover documentation which would facilitate the production of such an amended report. Further, if the documentation could not be found for some of the receipts or expenditures, the Committee would report these as lump sums with an appropriate notation on the report.

On October 31, 2006, the Audit staff issued a RFAI to the Committee requesting the Committee to provide the requested information by November 14, 2006.

On November 14, 2006, the Committee provided a letter stating that, despite its best efforts, the D.C. Baseball PAC has been unable to locate or recover additional documentation as requested by the Audit staff.

5.) QUESTIONABLE EXPENDITURES

Of the aforementioned unreported expenditures noted above, two (2) expenditures were made to Summit Grand Parc on March 8, 2005 and April 7, 2005, in the amounts of \$2,700.00 and \$2,925.00, respectively. The “purpose” noted on each canceled check was for “Neil Alpert #1106”, for rent and parking. In addition, there was a \$5,700.00 expenditure made to “Tom Smith” on May 3, 2005, and a \$7,200.00 expenditure made to “Jeff Parsons” on March 7, 2005. The Committee failed to provide documentation as to the purpose of each of these expenditures. Further, the Committee failed to provide a copy of the check documenting the expenditure of \$890.00 on April 21, 2005. Therefore, the Audit staff was unable to determine the payee or the purpose of this disbursement.

In the Preliminary Audit Report, the Audit staff recommended that the Committee provide the proper documentation to substantiate these disbursements.

In its Response to the Preliminary Audit Report received on July 14, 2006, the Committee stated that these payments were for rent for Mr. Alpert’s residence for the period December 2004 through July 2005. Further, the Committee stated that a significant portion of Mr. Alpert’s residence was used as an office for the organization and it was previously agreed by individuals overseeing the organization to reimburse Mr. Alpert for a percentage of his rental costs until the organization could afford to secure separate office space.

In the Interim Audit Report dated September 18, 2006, the Audit staff recommended that the Committee provide evidence (copy of Mr. Alpert’s lease, written statements from other individuals overseeing the organization agreeing upon the rent reimbursement for a percentage of the rental cost). In addition, the Audit staff recommended that the Committee provide documentation (invoices or other relevant

documentation for the Nationals Season Tickets) and a copy of the contract for Mr. Parson's consulting services.

In Response to the Interim Audit Report dated October 20, 2006, the Committee stated that it was attempting to secure the documentation requested including a copy of Mr. Alpert's lease. Further, the Committee stated that, given the origin of the complaint against the Committee, it would be unlikely that it could obtain written statements from the other individuals previously involved with the organization.

On November 14, 2006, the Committee submitted a letter to the Audit staff stating that, despite its best efforts, the D.C. Baseball PAC has been unable to locate or recover additional documentation as requested.

On December 12, 2006, the OCF Office of the General Counsel issued subpoenas to officials of the D.C. Baseball PAC and the D.C. Baseball Association to appear for an informal hearing regarding the D.C. Baseball PAC. The D.C. Baseball Association was an organization created after the organization of the D.C. Baseball PAC. The Articles of Incorporation for the D.C. Baseball Association bear the date April of 2005. Committee officials stated that the D.C. Baseball Association was developed to regulate and govern the organization (D.C. Baseball PAC).

The informal hearings were held on December 21, 2006 (one hearing was held), December 28, 2006 (three hearings were held) and February 5, 2007 (one hearing was held). Testimony was presented by officials of the DC Baseball PAC and the D.C. Baseball Association regarding the receipt and disbursement of monies received by the PAC from its contributors and/or events. For example, the Herb Miller event held on February 22, 2005 raised approximately \$68,000.00.

All officers subpoenaed stated that at no time did the Committee officials agree that the Committee would pay a percentage of Mr. Alpert's rent or any other personal related expenses. Further, an official stated that compensation for personal services rendered by a Committee official was never agreed upon. The official also stated that all services by the officers were volunteer services and not provided for compensation. Another official stated that the purpose and/or mission of the D.C. Baseball PAC and Association was to further the prospects of baseball coming to the District of Columbia and to provide a positive community outreach platform for underserved areas in the community. Further, the official stated that to his knowledge, none of the monies were used for the organization's mission.

Regarding the \$5,700.00 payment to Tom Smith on May 3, 2005, the Committee stated that Mr. Smith had purchased two (2) season tickets to the Washington Nationals for the 2005 season. The Baseball PAC then purchased those tickets from Mr. Smith and the May 3, 2005 expenditure in the amount of \$5,700.00 reflects this transaction.

In its Response to the Interim Audit Report dated on October 20, 2006, the Committee stated that it is attempting to secure the documentation requested including invoices for the Washington Nationals tickets.

On November 14, 2006, the Committee submitted a letter to the Audit staff stating that, despite its best efforts, the D.C. Baseball PAC has been unable to locate or recover additional documentation as requested by the Audit staff.

Finally, regarding the issue pertaining to the \$7,200.00 payment to Mr. Parsons on March 7, 2005, the Committee stated that Mr. Parsons was an independent contractor to the organization; and, that the March 7, 2005 payment was for services rendered and incurred.

In its Response to the Interim Audit Report dated October 20, 2006, the Committee did not address the issue regarding the contract for Mr. Parson's consulting services. However, on November 14, 2006, the Committee submitted a letter stating that, despite its best efforts, the D.C. Baseball PAC has been unable to locate or recover additional documentation as requested by the Audit staff.

Further, in its Response to the Interim Audit Report dated October 20, 2006, the Committee did not address the issue pertaining to the \$890.00 expenditure on April 21, 2005, for which a copy of the check was not provided. However, in a letter dated November 14, 2006 to the Audit staff, the Committee stated that, despite its best efforts, the D.C. Baseball PAC has been unable to locate or recover additional documentation as requested by the Audit staff.

In addition, the Audit staff noted that there was an unreconcilable difference in reported expenditures verses audit expenditures (per bank statements) in the amount of \$3,500.89. Because the Committee did not provide documentation (invoices/vouchers) to substantiate all disbursements, the Audit staff was unable to determine if all expenditures were properly reported.

In the Preliminary Audit Report, the Audit staff recommended that the Committee file an amended consolidated report inclusive of all \$3,500.89 unreconcilable differences in reported expenditures.

In its Response to the Preliminary Audit Report, the Committee did not address this issue, nor did the Committee file an amended consolidated report as recommended by the Audit staff in the Preliminary Audit Report.

In the Interim Audit Report dated September 18, 2006, the Audit staff reiterated its recommendation that the Committee file an amended consolidated report inclusive of the unreconcilable difference in reported expenditures.

In its Response to the Interim Audit Report dated October 20, 2006, the Committee did not address this issue as requested by the Audit staff.

6.) OTHER DISBURSEMENTS

In addition, the Committee failed to report on its Reports of Receipts and Expenditures ATM withdrawals, cash withdrawals, and Debit Card Purchases totaling \$1,891.87, \$19,500.00, and \$10,653.53, respectively. Because the Committee did not provide invoices and/or vouchers to substantiate these disbursements, the Audit staff was unable to determine the purpose of these disbursements. Further, the Audit staff was unable to determine how these expenditures were political in nature and in furtherance of the political purpose of the political action committee.

ATM Withdrawals

Committee bank statements reflect that the Committee made ATM withdrawals totaling \$1,891.87. None of these withdrawals were reported on the Committee's Reports of Receipts and Expenditures. In addition, there was no documentation provided by the Committee explaining the purpose of these expenditures.

The Audit staff was unable to determine whether these expenditures were for political or personal purposes or how these expenditures were in furtherance of the political purposes of the political action committee.

In its Response to the Preliminary Audit Report dated 14, 2006, the Committee stated that these funds were withdrawn by Mr. Alpert to pay for minor expenses of the organization including office supplies, taxi cabs, and meals. Further, the Committee stated that none of these funds were expended for political purposes or for Mr. Alpert's personal benefit.

In the Interim Audit Report dated September 18, 2006, the Audit staff recommended that the Committee provide written evidence and/or documentation to show that these expenditures advanced the interest of the D.C. Baseball PAC and to substantiate the statements made by the Committee in Response to the other expenditures noted above by the Audit staff. The Audit staff recommended that the documents include, but should not be limited to documents to support the ATM withdrawals and delineate how these disbursements will enhance the interest of baseball in the District of Columbia (receipts and invoices for ATM purchases).

In its Response to the Interim Audit Report dated October 20, 2006, the Committee stated that it is in the process of trying to obtain such documentation and will provide it to the Audit staff as it becomes available. Further, absent any additional documentary evidence, the Committee will provide further testimony in support of their position.

On November 14, 2006, the Committee provided a letter stating that, despite its best efforts, the D.C. Baseball PAC has been unable to locate or recover additional documentation as requested by the Audit staff.

At the aforementioned informal hearings conducted by the OCF Office of the General Counsel, several Committee officials stated that at no time was there an agreement between its members that the Committee officials would be compensated for expenses incurred for operation of the PAC.

Cash Withdrawals

Committee bank statements reflected that the Committee made four (4) cash withdrawals totaling \$19,500.00. These cash withdrawals were not reported on the Committee's Reports of Receipts and Expenditures. Committee bank records indicate that each cash withdrawal was paid to Neil Alpert, Chairperson. The Committee did not provide documentation explaining the purpose of each withdrawal.

The Audit staff was unable to determine whether these expenditures were for political or personal purposes or how these expenditures were in furtherance of the political purposes of the political action committee.

In its Response to the Preliminary Audit Report dated July 14, 2006, the Committee stated that these withdrawals represent Mr. Alpert's salary for his full-time work for the organization for the period January through May of 2005. Further, the Committee stated that the cash withdrawal in the amount of \$500.00 was used to secure funds to pay miscellaneous small expenses of the organization.

In the Interim Audit Report dated September 18, 2006, the Audit staff recommended that the Committee provide written evidence and/or documentation to show that these expenditures advanced the interest of the D.C. Baseball PAC and to substantiate the statements made by the Committee in Response to the other expenditures noted above by the Audit staff. In addition, the Audit staff recommended that the documents should include, but are not limited, to written contracts/agreements from Committee officials stating that these cash withdrawals were for Mr. Alpert's agreed upon salary for full-time work for the organization including the \$500.00 withdrawal for miscellaneous expenses for the organization.

In its Response (received on October 20, 2006) to the Interim Audit Report issued on September 18, 2006, the Committee stated that the Committee is in the process of trying to obtain such documentation and will provide it to the Audit staff as it becomes available. Further, absent any additional documentary evidence, the Committee can provide further testimony in support of their position.

On November 14, 2006, the Committee provided a letter stating that, despite its best efforts, the D.C. Baseball PAC has been unable to locate or recover additional documentation as requested by the Audit staff.

As stated earlier, at the informal hearings conducted by the OCF Office of the General Counsel in December 2006 and February 2007, Committee officials stated that at

no time was there an agreement that the Committee would pay salaries or expenses to any of the officers for work relating to the PAC.

Debit Card Transactions

Committee bank statements show that the Committee made several debit card transactions totaling \$10,653.53. These transactions were for several types of payments including meals and entertainment, gasoline purchases, and other day-to-day expenditures.

The Audit staff was unable to determine whether these expenditures were for political or personal purposes or how these expenditures were in furtherance of the political purposes of the political action committee.

In its Response to the Preliminary Audit Report, the Committee stated that the debit card transactions were proper and made to advance the interest of the organization and not for the personal interest of Mr. Alpert.

In the Interim Audit Report dated September 18, 2006, the Audit staff recommended that the Committee provide written evidence and/or documentation to show that these expenditures advanced the interest of the D.C. Baseball PAC and to substantiate the statements made by the Committee in Response to the questionable expenditures noted above by the Audit staff. In addition, the Audit staff recommended that the documents should include, but are not limited to, documentation to substantiate the debit card transactions (vouchers, invoices, receipts, and written documentation from other Committee officials) and how these disbursements enhanced the interest of baseball in the District of Columbia.

In its Response to the Interim Audit Report dated October 20, 2006, the Committee stated that the Committee is in the process of trying to obtain such documentation and will provide it to the Audit staff as it becomes available. Further, absent any additional documentary evidence, the Committee will provide further testimony in support of their position. On November 14, 2006, the Committee provided a letter stating that, despite its best efforts, the D.C. Baseball PAC has been unable to locate or recover additional documentation as requested by the Audit staff.

At the informal hearings conducted by the OCF Office of the General Counsel during the months of December 2006 and February 2007, a Committee official stated that he was in receipt of these debit card transactions. Further, at no time did the Committee officials agree that Mr. Alpert be compensated for the debit card transactions.

7.) EXENDITURES NOT NEGOTIATED THROUGH THE COMMITTEE BANK ACCOUNT

Our audit revealed that the Committee disclosed twenty-one (21) expenditures on its Reports of Receipts and Expenditures, which were not negotiated through the

Committee's bank account. Because the Audit staff was not presented with invoices to substantiate these expenditures, we were unable to determine how the Committee arrived at the reported amounts that were reported on its Reports of Receipts and Expenditures. These reported expenditures could not be traced to the Committee bank statements. The Audit staff concludes that the amounts that were reported on the Committee's Reports of Receipts and Expenditures do not accurately reflect the actual payments made.

In the Preliminary Audit Report, the Audit staff recommended that the Committee file an amended consolidated report deleting these expenditures that were previously reported. In the alternative, the Audit staff recommended that the Committee provide evidence to support that these payments actually occurred.

In its Response to the Preliminary Audit Report, the Committee agreed with the Audit staff that the amounts reported on the Committee's Reports of Receipts and Expenditures do not accurately reflect the actual payments made.

In the Interim Audit Report dated September 18, 2006, the Audit staff reiterated its recommendation that the Committee file an amended consolidated report deleting these expenditures that were previously reported.

In its Response to the Interim Audit Report dated October 20, 2006, the Committee stated that it is still attempting to locate or recover documentation which would facilitate the production of such an amended report. Further, at the end of this process, the Committee will file an amended report that reconciles its public reports with its bank statements.

On November 14, 2006, the Committee provided a letter stating that, despite its best efforts, the D.C. Baseball PAC has been unable to locate or recover additional documentation as requested by the Audit staff.

8.) RECORDKEEPING ERRORS

D.C. Official Code Section 1-1102.01(d) states that: "[T]he treasurer or candidate shall obtain and preserve such receipted bills and records as may be required by the Board."

3 DCMR Section 3400.1 (1998, as amended), states that: "[T]o ensure financial accountability, this chapter governs the recordkeeping procedures for the following: (a) candidates, including candidates seeking election to an Advisory Neighborhood Commission; (b) Political Committees; (c) Lobbyists; (d) Citizen-service programs; and (e) Statehood funds." (Emphasis added.)

3 DCMR Section 3400.2 states that: "[E]ach required filer, under Section 3400.1 shall, obtain and preserve, from the date of registration, detailed records of all contributions and expenditures disclosed in reports and statements filed with the Director, including the following: (a) check stubs; (b) bank statements; (c) canceled checks; (d)

contributor cards; (e) deposit slips; (f) invoices; (g) receipts; (h) contracts; (i) payroll records; (j) all tax records; (k) lease agreements; (l) petty cash journals; (m) ledgers; and (n) vouchers.”

3 DCMR Section 3400.3 states that: “[N]otwithstanding Section 3400.2, bank statements shall not be submitted in lieu of canceled checks to evidence canceled checks.”

3 DCMR Section 3400.5 states that: “[E]ach filer, with the exception of lobbyists, shall maintain the required records, under Section 3400.2, for a period of three (3) years from the date of the filing of the termination R&E Report, under Section 3008.”

Our audit revealed that the Committee did not provide the Audit staff with all Committee bank statements, copies of all contributor contribution checks, deposit slips for all contributions and/or receipts received, fundraising activity documentation, invoices and/or vouchers, and other required documentation to support its sources and uses of funds. In addition, the Committee did not provide any documentation to support its first filing of January 31, 2005.

In the Preliminary Audit Report, the Audit staff recommended that the Committee provide evidence (documentation) to substantiate the transactions underlying all receipts and expenditures not previously provided.

In its Response to the Preliminary Audit Report dated July 14, 2006, the Committee did not address this issue.

In the Interim Audit Report dated September 18, 2006, the Audit staff reiterated its recommendation that the Committee provide evidence to substantiate the transactions underlying all receipts and expenditures not previously provided.

In its Response to the Interim Audit Report dated October 20, 2006, the Committee stated that it is still attempting to locate or recover documentation which would facilitate the production of such an amended report.

On November 14, 2006, the Committee submitted a letter stating that, despite its best efforts, the D.C. Baseball PAC has been unable to locate or recover additional documentation as requested by the Audit staff.

9.) MISSTATEMENT OF FINANCIAL ACTIVITY

The Audit staff compared the Committee’s reported figures with its bank records and found that the Committee had misstated its receipts, disbursements, and its cash on hand balance, as of July 31, 2005.

Legal Standard

D.C. Official Code Sections 1-1102.06 (b) (8) and (10) provide that each Report must disclose the following:

- The amount of cash on hand at the beginning and end of the reporting period;
- The total sum of all receipts by or for such committee or candidate during the reporting period; and
- The total sum of expenditures made by such committee or candidate during the calendar year.

The following chart details the discrepancies between the Committee's disclosure reports and bank records. The chart lists: (a) the amounts the Committee reported, (b) the actual amounts listed on its bank statements, and (c) the discrepancies between the two figures.

Comparison of Disclosure Reports and Bank Records

	Reported	Bank Statement	Discrepancy
Beginning Balance	\$0.00	\$0.00	1 st bank statement was not provided.
Receipts	\$75,970.00	\$132,792.24	\$56,822.24 understated
Disbursements	\$69,785.68	\$100,894.40	\$ 31,108.72 understated
Ending Cash Balance	\$6,184.11	\$31,897.84	\$ 25,713.52 understated \$0.21 difference

The understatement of receipts and overstatement of expenditures resulted from the Committee's combination of the aforementioned discrepancies previously noted. In addition to these discrepancies, there were minor errors in reporting receipts and disbursements, and minor unresolved differences in the ending cash balance.

In the Preliminary and Interim Audit Reports, the Audit staff recommended that the Committee file an amended consolidated report correcting the misstatement of its financial activity due to the discrepancies noted above.

In its Response to the Interim Audit Report, the Committee stated that it is still attempting to locate or recover documentation which would facilitate the production of such an amended report.

To date, the Committee has not filed an amended consolidated report to correct the misstatement of financial activity.

FINAL RECOMMENDATION

We, therefore, recommend that this Report be issued as a "Final Audit Report". We have determined that the reports, statements, and responses filed by the D.C. Baseball PAC, with the Director, Office of Campaign Finance, are not in compliance with the

District of Columbia Campaign Finance Reform and Conflict of Interest Act of 1974, as amended.

We, also recommend that the unresolved issues be referred to the OCF General Counsel for whatever action deemed necessary.

Renee Coleman-Bunn

Renee Coleman-Bunn
Audit Manager

March 23, 2007

Date

FINAL AUDIT APPROVED FOR LIMITED RELEASE: *

Cecily E. Collier-Montgomery

Cecily E. Collier-Montgomery
Director
Office of Campaign Finance

March 23, 2007

Date

* Pending issuance of the OCF order in July 2007
